Quarterly wages growth highest in WPI history

Media Release

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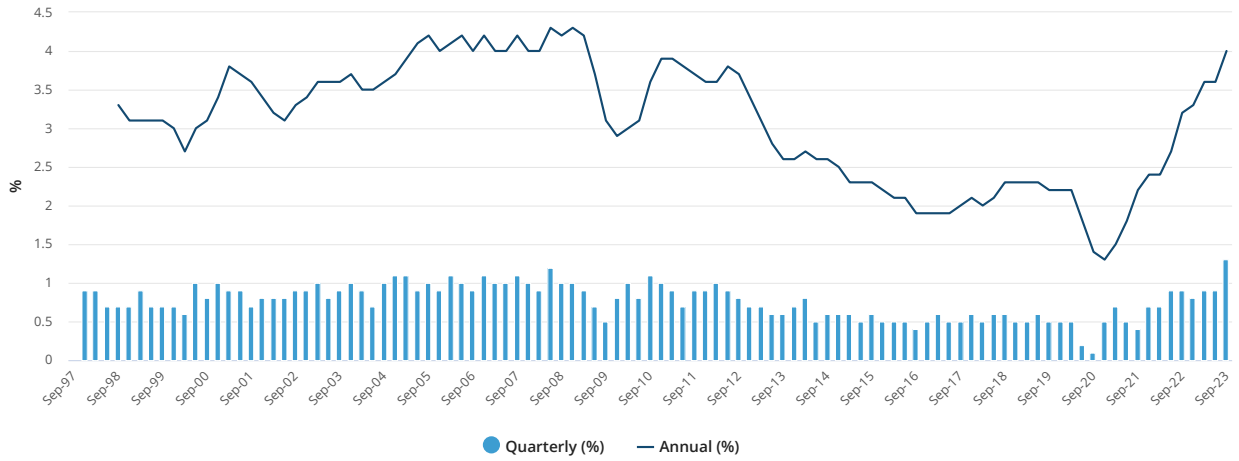
Source:
Wage Price Index, Australia, September 2023 (/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/sep-2023)

The Wage Price Index (WPI) rose 1.3 per cent in September quarter 2023, and 4.0 per cent for the year, according to seasonally adjusted data released today by the Australian Bureau of Statistics (ABS). This is the highest quarterly growth in the 26-year history of the WPI.

The annual growth, at 4.0 per cent, is the highest for the WPI since March quarter 2009.

All sector WPI, quarterly and annual movement (%), seasonally adjusted (a)



a. See Interpretation of index numbers, Percentage change and rounding on the Methodology (/methodologies/wage-price-index-australia-methodology/sep-2023) page.

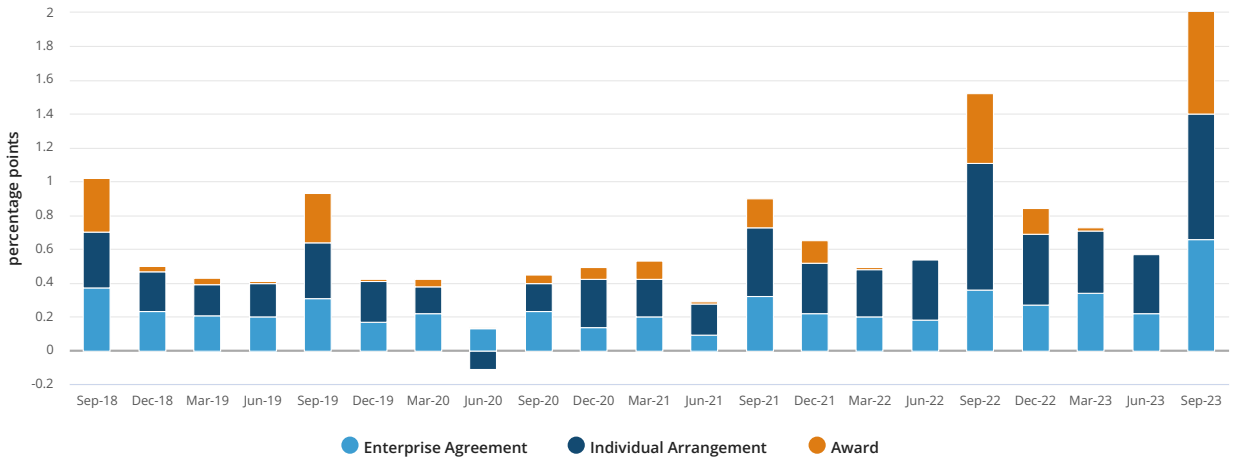
Michelle Marquardt, ABS head of prices statistics, said: “A combination of factors led to widespread increases in

average hourly wages this quarter.

In the private sector, higher growth was mainly driven by the Fair Work Commission's annual wage review (https://www.fwc.gov.au/hearings-decisions/major-cases/annual-wage-reviews/annual-wage-review-2022-23) decision, the application of the Aged Care Work Value case (https://www.fwc.gov.au/hearings-decisions/major-cases/work-value-case-aged-care-industry/decisions-statements-work-value) , labour market pressure, and CPI rises being factored into wage and salary review decisions. The public sector was affected by the removal of state wage caps and new enterprise agreements coming into effect following the finalisation of various bargaining rounds."

Wage growth increased this quarter across each of the different methods that set pay. Jobs paid by individual arrangements were the main driver of wage growth, with award and enterprise agreement jobs also contributing more to wages growth than historically seen in a September quarter.

Contributions to quarterly wage growth by method of setting pay, original (a)

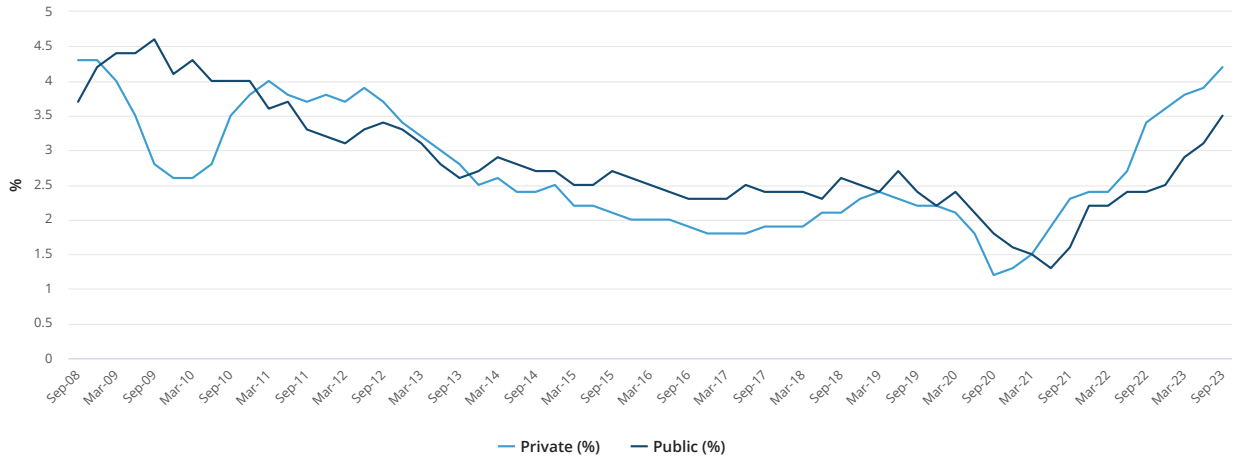


a. Analytical series is total hourly rates of pay excluding bonuses.

Annually, seasonally adjusted private sector wages growth was higher than the public sector (4.2 per cent compared to 3.5 per cent). This was the highest annual growth for the private sector since December quarter 2008 and for the public sector since June 2011.

"Many public sector jobs were affected by the ending of state wage caps and the resolution of wage negotiations. This resulted in initial or backdated increases being paid for jobs covered by the newly approved enterprise agreements." Ms Marquardt said.

Annual wage growth by sector, seasonally adjusted (a)

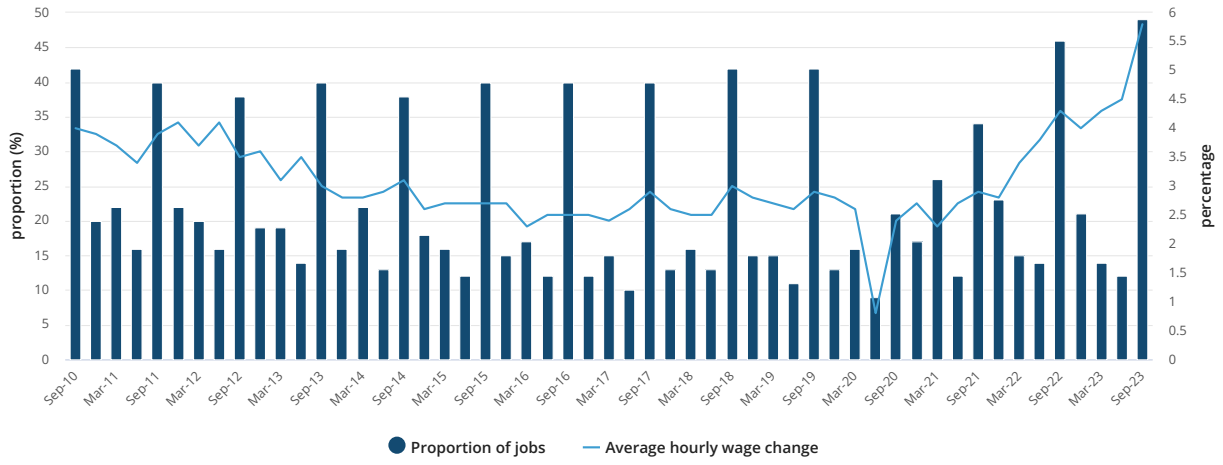


a. See Interpretation of index numbers, Percentage change and rounding on the Methodology (/methodologies/wage-price-index-australia-methodology/sep-2023) page.

Two elements that drive increases in the WPI are the proportion of jobs that have a wage increase and the size of the increases received.

“In original terms, across all public and private sector jobs that had a wage movement in the September quarter, the average change was a 5.4 per cent increase, up from 4.0 per cent in September quarter 2022. The growth was mostly driven by increases to wages in the private sector. Almost half (49 per cent) of all private sector jobs recorded a movement with the average increase being around 5.8 per cent. This compared to the public sector where 34 per cent of jobs recorded an average pay rise of 3.3 per cent,” Ms Marquardt said.

Quarterly wage dynamics in the private sector, original (a)



a. Average hourly wage change only includes jobs recording a wage movement in the current quarter.

In original terms, both the highest quarterly and annual growth rates were seen in the Accommodation and food services industry at 3.2 per cent and 5.5 per cent. Some hospitality jobs received two award increases over the year, driving the higher-than-usual annual growth for this industry.

The Health care and social assistance industry also saw significant wage growth of 3.1 per cent for the quarter and 4.9 per cent annually. Many jobs in this industry have wages set by awards or enterprise agreements with scheduled increases linked to the Fair Work Commission's Annual Wage Review 2022-23 (https://www.fwc.gov.au/hearings-decisions/major-cases/annual-wage-reviews/annual-wage-review-2022-23) decision and higher wage provisions for aged care workers.

The Mining industry recorded the lowest quarterly index growth (0.8 per cent) across all industries. The lowest annual growth (3.1 per cent) was recorded by the Finance and insurance services industry.

Further information can be found in Wage Price Index, Australia (/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release) , September 2023.

Media notes

- When reporting ABS data you must attribute the Australian Bureau of Statistics (or the ABS) as the source.
- You can access high resolution images of ABS spokespeople, including Michelle Marquardt, from our image library (/media-centre/abs-image-library) .
- To learn more about different measures of wages change, their purpose and how to use them, see our Earnings guide (/statistics/understanding-statistics/guide-labour-statistics/earnings-guide) . It provides summary information on our various earnings measures including the Wage Price Index.
- September quarter 2023 Wage Price Index data captures wage information for the mid-month (August) of the

September quarter.

- For media requests and interviews, contact the ABS Media Team via media@abs.gov.au (mailto:media@abs.gov.au) (8.30am-5pm Mon-Fri).
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